

October 19, 2017

Jackie Mohler M.Ed, BCBA
Program Manager
Family Outreach, Inc.

Dear Jackie:

I am writing in relation to our recent conversations regarding Direct Care Staff compensation and the rate setting methodology in the draft program manual. I understand you are participating in committee discussions and working with the Department of Public Health and Human Services regarding the rate setting methodology, and that an analysis of the methodology and associated recommendations may be beneficial to these discussions.

Based on factors such as increasing wages and cost of living and a low unemployment rate in Montana, Developmental Disability (DD) providers are having increasing difficulty in recruiting and retaining Direct Care staff. A qualified and stable direct care staff is critical to providing quality support services to children and adults with developmental disabilities and their families. Turnover in these positions affects not only the stability of services, but also forces providers to spend more money on recruitment, selection, and training of providers.

Providing appropriate compensation for Direct Care staff can not only improve the continuity and quality of care to clients, but can also reduce the amount of time and money providers spend on recruiting, hiring, and training staff, and increase the overall cost-effectiveness of the system.

The DRAFT MONTANA DEVELOPMENTAL DISABILITIES PROGRAM MANUAL OF SERVICE RATES AND PROCEDURES OF REIMBURSEMENT FOR HCBS 1915c 0208 & 0667 WAIVER PROGRAMS (updated June 2017) currently states:

Direct care Staff Compensation: By direction from the Montana State Legislature, direct care compensation rates were originally established *at the 35th percentile of Montana market value* [emphasis added] as described by compensation data collected by Hayes compensation studies, Health and Hospital compensation studies, and the U.S. Bureau of Labor Statistics. Job classifications used for Personal Support Workers are staff that perform at least 85% of the typical duties of a developmental disabilities attendant with a high school degree and no special training. Typical classifications include child care workers, home health care aides, nursing home aides, hospital orderlies, and assisted living workers. Job classifications used for Habilitation Workers are staff that perform at least 85% of the duties of a developmental disabilities attendant with an Associate Arts degree or Certified Nursing Assistant credentials, or special training. Typical classifications include nursing home assistants, vocational trainers, behavior assistants, special education teachers' aides.

Establishing Direct Care staff compensation rates at the 35th percentile of the Montana market value puts the Developmental Disabilities (DD) system at a significant disadvantage in recruiting and retaining qualified staff. Using the 35th percentile means that 65% of workers in the occupational categories make more than the wage used to set Direct Care staff rates.

The U.S. Bureau of Labor Statistics (BLS) does not report the 35th percentile wages for occupations in Montana. The BLS reports only the percentile wages for 10%, 25%, 50% (median), 75%, and 90%.

Since the BLS does not report the 35th percentile, I used the 25th and 50th percentile wages and the mean (as of May 2016 the most current available BLS data) for illustrative purposes in the following analysis:

| Occupation | 25 th Percentile Hourly Rate | 50 th Percentile (Median) Hourly Rate | Mean Hourly Rate |
|---------------------------|---|--|------------------|
| Childcare Workers 39-9011 | \$8.77 | \$9.30 | \$9.98 |
| Home Health Aides 31-1011 | \$10.36 | \$11.29 | \$11.49 |
| Orderlies 31-1015 | \$10.17 | \$11.38 | \$11.72 |

As you can see in the above illustration, the 25th percentile falls significantly below the Median or Mean hourly rates (as would the 35th percentile). The 25th percentile for Childcare Workers is only a small percentage higher than the current minimum wage of \$8.15 per hour.

The hourly mean wage for the Building and Grounds Cleaning and Maintenance Occupation (37-0000) is \$12.98 and the mean wage for Food Preparation and Serving Related Occupations (37-0000) is \$10.78. This indicates individuals could make more by choosing a different occupation. The Massachusetts Institute of Technology Living Wage Calculation¹ for Lewis and Clark County indicates a Living Wage for one adult without children is \$11.12 per hour.

The data indicates using the Median or Mean hourly rates as the basis for establishing Direct Care compensation would better position the DD system to attract and retain Direct Care staff. Providers and the committee should also consider delving deeper into the "Hayes compensation studies" and "Health and Hospital compensation studies" cited in the manual to better understand how this data is used in overall Direct Care Staff rate setting.

I hope this information is helpful to you, the committee and the Department of Public Health and Human Services in evaluating the draft program manual and in considering options for establishing Direct Care Staff compensation.

Sincerely,



Jim Kerins, SPHR, SHRM-SCP
Communication & Management Services

¹ <http://livingwage.mit.edu/counties/30049>